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Executive Committee

PREPARATION OF A SUCCESSOR AGREEMENT TO THE INTERNATIONAL COCOA AGREEMENT, 1986

Draft article approved by the Economic Committee and transmitted to the Executive Committee

Article 35
Production

1. In order to deal with the problem of market imbalances in the medium and long term, and in particular of structural overproduction, the producing members undertake to abide by a production management programme designed to achieve a lasting equilibrium between world production and consumption. This programme shall be drawn up by the producing countries in a Standing Committee set up for this purpose by the Council.

2. The Committee shall be composed of the producing member countries. Its terms of reference shall be, among other things:

2.1 To coordinate the policies and programmes decided on by each producing country, taking into account the production management programme drawn up by the Committee;

2.2 To identify and recommend the application of any measures and activities, including where appropriate diversification, likely to help re establish a lasting equilibrium between world cocoa supply and demand as soon as possible.

3. The Council shall adopt at its first session following the entry into force of the Agreement annual forecasts of world production and consumption for a period corresponding at least to the lifetime of the Agreement. The Executive Director shall provide the data necessary for the preparation of these forecasts. The forecasts thus adopted by the Council shall be reviewed and revised if necessary every year. The Committee shall fix indicative figures for annual levels of global production necessary to achieve and maintain equilibrium between supply and demand in accordance with the aims of the Agreement. The factors to be taken into consideration shall include the expected variations in production and consumption in accordance with movements in real prices and the estimated variations in stock levels. The Executive Director shall assist the Committee as required.

4. In the light of the indicative figures fixed by the Committee under paragraph 3 of this article, the producing members shall as a group implement the production management programme in order to achieve global equilibrium between supply and demand in the medium and long term. Each producing member shall draw up a programme for the adjustment of its production enabling the objectives set in this article to be achieved. Each producing member shall be responsible for the policies and methods it applies to implement its production programme and shall inform the Committee regularly of any policies and programmes recently introduced or abandoned and of their results.

5. The Committee shall submit detailed reports to each regular session of the Council, on the basis of which the Council shall review the general situation, in particular assessing the movement of global supply and demand in the light of the provisions of this article. The Council may make recommendations to members on the basis of this assessment.

6. The Council shall seek to involve the international financial agencies and other parties with an interest in the world cocoa economy in its work on cocoa production and consumption policy.